

## Message Text

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ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 FTC-01 FEA-02 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-03 DODE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 DRC-01 /149 W

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R 070634Z AUG 74

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

SECSTATE WASHDC 0459

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 3298

E.O. 11652: GDS

TAGS: BMEP, EIND, ENRG, KU

SUBJECT: ALUMINUM SMELTER: PROMINENT KUWAITIS AND MAJOR  
U.S. COMPANIES SEEKING JOINT VENTURE

REF: KUWAIT 1184; STATE 53709 (NOTAL); KUWAIT 0208 (NOTAL)

SUMMARY: TWO MAJOR US ALUMINUM PRODUCERS ARE SEPARATELY SEEK-  
ING ESTABLISH ALUMINUM SMELTING FACILITY IN KUWAIT. BOTH APPEAR  
TO BE UNKNOWINGLY WORKING WITH SAME POWERFUL GROUP OF KUWAITI  
INVESTORS. BOTH GROUPS FACE COMMON HURDLE OF TRYING TO OVERCOME  
LACK OF OFFICIAL GOK ENTHUSIASM FOR PROJECT AT TIME WHEN AMOUNT  
AVAILABLE GAS FOR ENERGY INTENSIVE PROJECTS, WHICH DIRECTLY  
TIED TO OIL PRODUCTION LEVELS, IS UNCERTAIN. END SUMMARY.

1. IN LAST SEVERAL WEEKS EXECUTIVES OF TWO MAJOR U.S.  
CORPORATIONS AND A LEADING U.S. FINANCIAL HOUSE HAVE VISITED  
KUWAIT SEEKING TO ESTABLISH JOINT VENTURE ALUMINUM SMELTING  
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OPERATIONS HERE. FIRST TO VISIT WAS RODNEY SCRIVENER, MARTIN

MARIETTA'S MANAGER FOR RESOURCES & EXPANSION. SCRIVENER WORKING WITH TALAL ABU GHAZALEH, EXTREMELY ACTIVE PALESTINIAN ACCOUNTANT/PROMOTER HERE WHO HAS ESTABLISHED CLOSE WORKING RELATIONSHIP WITH MANY LEADING KUWAITIS INCLUDING ROYAL FAMILY MEMBERS. ABU GHAZALEH HAS TOLD SCRIVENER THE THREE MAIN PRIVATE BACKERS FOR PROJECT ARE SHEIKH ALI SABAH AL-SALEM, A SON OF THE AMIR; KHALED AL-MARZOUK, A LEADING KUWAITI REAL ESTATE DEVELOPER, AND FOUNDER OF NEWLY OPENED KUWAIT REAL ESTATE BANK; AND, NASER AL-QATAMI, A VERY WEALTHY KUWAITI BUSINESSMAN WITH LARGE LOCAL REAL ESTATE HOLDINGS. MARTIN MARIETTA INTERESTED IN ESTABLISHING A PLANT PRODUCING 100-150,000 TONS OF ALUMINUM PER ANNUM AND REQUIRING 50 TO 60 MILLION CU FT OF GAS PER DAY. MARTIN MARIETTA WILLING TO INVEST THEIR CAPITAL IN LOCAL PLANT AND ASSUME MANAGEMENT AND MARKETING CONTRACT. IN TURN, THEY WISH KUWAITIS TO INVEST IN SIMILAR PLANTS IN WESTERN HEMISPHERE.

4. OTHER U.S. CONTENDER FOR PROJECT IS AMERICAN METAL CLIMAX WHICH WORKING WITH LEHMAN BROS. IN ESTABLISHING SUCH A PLANT IN KUWAIT. AMAX CHAIRMAN IAN MCGREGOR ALONG WITH GEORGE BALL AND CLARK GRISWOLD OF LEHMAN BROTHERS MET WITH MIN FINANCE AND OIL ATEEQY AND MFO DIRECTOR OF INVESTMENTS KHALED ABU SAUD ABOUT PROJECT. AMAX GROUP WAS TOLD GOK HAD STUDIED ECONOMIC VIABILITY OF ALUMINUM SMELTING PLANT SEVERAL YEARS AGO AND HAD REJECTED PROJECT. ABU SAUD PROMISED GROUP HE WOULD GIVE COPY OF REPORT TO EMBASSY TO PASS ALONG TO GRISWOLD, BUT ABU SAUD LEFT KUWAIT THE NEXT DAY, AND WE ARE STILL AWAITING HIS RETURN TO OBTAIN REPORT. AMAX GROUP WAS APPARENTLY WORKING WITH SHEIKH SALEM AL-SABAH, SON OF THE AMIR AND KUWAIT'S AMBASSADOR TO U.S., AND ENVISIONS A SECOND STAGE SMELTER HERE SOMEWHAT LARGER THAN THAT PROPOSED BY MARTIN MARIETTA.

5. COMMENT: BOTH U.S. COMPANIES APPARENTLY DEALING WITH SAME GROUP OF KUWAITI INVESTORS, AND IN SPITE OF MFO'S LUKEWARM ATTITUDE TO PROJECT, OBVIOUS QUALITY OF INTERESTED U.S. COMPANIES AND IMPORTANCE OF KUWAITIS PUSHING PROJECT WOULD NORMALLY ALLOW FOR OPTIMISM CONCERNING CHANCES FOR ONE OF THESE PROPOSALS. HOWEVER, THOSE WHO OPPOSE PROJECT HAVE HAND STRENGTHENED BY FALLING GOK PETROLEUM PRODUCTION LEVELS AND CONCOMITANT DECREASE IN ASSOCIATED GAS AVAILABLE FOR DOMESTIC CONSUMPTION.  
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## Message Attributes

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